

**WRITTEN TESTIMONY OF:**

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FORMER COMMISSIONER, STATE OF CONNECTICUT REAL ESTATE APPRAISAL  
COMMISSION

**CONCERNING:**

RAISED BILL NO. 6647  
AN ACT CONCERNING BROKER PRICE OPINIONS

**VENUE:**

INSURANCE AND REAL ESTATE COMMITTEE  
PUBLIC HEARING OF FEBRUARY 19, 2015

**INTRODUCTION / RELEVANT BACKGROUND**

Chairman Crisco, Chairman Megna and Members of the Committee,

Thank you for your service to the State of Connecticut. Thank you for the opportunity to appear before the Committee and provide written testimony.

I'm Sean Hagearty, a certified general real estate appraiser and a former commissioner for the Real Estate Appraisal Commission.

I have been an appraiser for 26 years and have held a certified general appraiser license in Connecticut since 1992. I hold the MAI designation from the Appraisal Institute, am a past president of the Connecticut Chapter of the Appraisal Institute. I am the President of The Connecticut Appraisal Education Foundation, Inc. and currently serve as an instructor for both pre-licensing and continuing education offerings for the Appraisal Institute and other real estate organizations. Finally, from 2004-2014 I was a Commissioner for the Real Estate Appraisal Commission.

This is the third time I have testified before the Insurance and Real Estate Committee concerning similar bills. The previous occasions were 2004 and 2011. A similar bill was also raised in 2012 before the Banking Committee. On the two previous occasions this matter was raised your Committee recognized that the risks inherent in the proposed legislation outweighed the potential benefits.

As in the previous situations, I am here today to voice my opposition to the current Raised Bill 6647.

As a practicing appraiser, I echo most of the comments you have heard from my colleagues who have testified today. However, the primary reasons I oppose this bill are:

- 1) being a taxpayer in the State of Connecticut and
- 2) my experience as a former Commissioner serving on the appointed body at the State of Connecticut charged with the oversight of all licensed real estate appraisers.

## **INTRODUCTION / RELEVANT BACKGROUND**

Like the current members of Commission who have previously testified, I am very concerned about the potential impacts this bill would have on all consumers, appraisers and users of appraisal services.

Specifically, I will concentrate on the areas of appraiser **accountability** and **enforcement**, as well as the State's right and need to clearly define obligations and responsibilities for occupational licensees. The present Connecticut laws governing appraisers adequately address these issues. In my opinion, the proposed bill would not only create widespread confusion in the marketplace for appraisers and users of appraisal services, something that will be to the detriment of the consumer.

## **ACCOUNTABILITY AND ENFORCEMENT – APPRAISAL COMMISSION ROLE**

The Commission consists of 8 members appointed by the Governor. The composition includes 5 appraisers and 3 members of the public. The Commission meets monthly – 11 times per year - and work hand in hand with state employees in the Department of Consumer Protection to provide oversight of all individuals licensed as real estate appraisers.

The Commission, in conjunction with State staff, is charged with implementing federal mandates and state law concerning appraisers. This includes the promulgation of minimum education requirements to obtain an appraisal license, the examination process and the review of relevant work experience which was completed under the supervision of a certified appraiser.

Once an individual becomes a licensed appraiser, the Commission with state staff, also cover the enforcement of mandatory continuing education and conduct the investigation of all complaints filed by consumers about appraisers and appraisals. This includes holding informal and formal hearings with the appraisers in question. When necessary, the enforcement function includes establishing appropriate fines and other punishments when appraisers have been found to violate the Uniform Standards of Professional Appraisal Practice, which is specifically incorporated by reference in our state appraisal laws, or other aspects of our state appraisal laws.

## **The existing state appraisal laws include Section 20-504-11 “Duty to Cooperate”.**

This section requires ALL licensed appraisers to cooperate with state staff in any investigation or inquiry. Licensed appraisers who fail to do so face many possible punishments, including the potential revocation of their license.

### OCCUPATIONAL LICENSES: MAINTAIN THE DISTINCTIONS

Under the current Connecticut statutes, there are three recognized appraisal license categories: certified general, certified residential and provisional. By law, certified residential appraisers are permitted to appraise only 1 to 4 unit residential properties and vacant residential zoned land where the highest and best use is not subdivision. Certified general appraisers are permitted to appraise any property they are experienced and/or qualified to appraise.

A provisional appraiser is essentially a trainee license. A provisional appraiser must work under the direct supervision of a certified residential or certified general appraiser who acts as their sponsor. The provisional appraiser is only permitted to work on appraisal assignments that their sponsor(s) are permitted to appraise.

Once the certified appraiser signs the appraisal report, they own it regardless of which appraiser is more responsible for the analysis and work product. This is an important protection for the users of appraisal services - the consumer in whatever capacity - private individual, attorney, lender, etc. They have redress to the certified appraiser and the certified appraiser's errors and omissions insurance. And of course, they have an avenue to file a complaint at the state level and there are procedures in place to investigate the appraiser given the licensee's duty to cooperate.

There are similar distinctions between a real estate salesperson license and a real estate broker's license. For example, the education requirement for a salesperson is significantly less than that for a broker. In fact, the broker's education requirement specifically includes some training in the area of valuation while there is no such requirement for a salesperson. Per Connecticut law, a real estate salesperson has to work in affiliation with a broker. In addition, the broker has significantly more responsibility with respect to transactions. A salesperson cannot conduct a transaction without a broker. While it is not true to say that all real estate salespersons should be viewed as "trainees", it is clear that the existing Connecticut laws draw distinctions between the education, experience and obligations of the broker versus those for the salesperson.

***Ironically, H.B. 6677 does not recognize the distinction between the experience and training of a real estate broker versus that of a real estate salesperson.***

Under the proposed bill, brokers and salespersons would be permitted to provide "broker's" price opinions or competitive market analyses for a wide range of uses despite the fact that Connecticut law does not require any appraisal or valuation training for a real estate salesperson whatsoever.

**OCCUPATIONAL LICENSES: MAINTAIN THE DISTINCTIONS**

***The fact that the proposed bill would create parity among licensees in terms of what brokers and salespersons would be permitted to do, especially in an area where the salesperson has received no formal training at all, is both illogical and dangerous to consumers and users of the services.***

**AREAS OF CONCERN WARRANTING DISCUSSION**

- There is simply a fundamental conflict of interest in having individuals with an existing or proposed financial interest in the property providing valuation service concerning the same, regardless of the intended use of the assignment (lending, foreclosure, tax appeal, etc.) The proposed bill will greatly increase the number and likely the severity of these conflicts. **Property assessment appeals is an excellent example and potentially a threat to all taxpayers in the state.**
- Under existing state laws, consumers and users of appraisal services have a clearly established framework to file a complaint about an appraiser. The proposed bill will expand the number of unlicensed individuals providing appraisal services under a different name while not providing any accountability or opportunity for consumer redress. This can only serve to harm the consumer's interests.
- One of the unintended consequences if the bill were to become law would be to encourage existing licensed appraisers to forego their appraisal licenses and simply maintain real estate salesperson or brokers licenses instead. Likewise, brokers and salespersons who also maintain appraisal license would give them up as well. This would be due to the fact that annual license fees and continuing education requirements are less than those for real estate appraisers.

Thank you very much for the opportunity to make this testimony.



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